



House of Representatives

General Assembly

File No. 228

January Session, 2015

Substitute House Bill No. 6669

House of Representatives, March 26, 2015

The Committee on Government Administration and Elections reported through REP. JUTILA of the 37th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING AN OFFICE OF THE INSPECTOR GENERAL.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2015*) (a) For purposes of this
2 section and sections 2 to 4, inclusive, of this act, "governmental agency"
3 means a state agency or a quasi-public agency and "state agency" and
4 "quasi-public agency" have the same meanings as provided in section
5 1-79 of the general statutes.

6 (b) There is established an Office of the Inspector General that shall
7 act to detect and prevent fraud, waste and abuse in the management of
8 state personnel, in the use and disposition of state property, and in the
9 collection, disbursement and expenditure of state and federal funds
10 administered by governmental agencies. The Office of the Inspector
11 General shall also evaluate the economy, efficiency and effectiveness of
12 governmental agencies in the performance of their delegated duties
13 and functions.

14 (c) The office shall be under the direction of the Inspector General,
15 who shall be appointed by the Auditors of Public Accounts in
16 accordance with this subsection, with the advice and consent of either
17 house of the General Assembly. A committee consisting of the
18 president pro tempore of the Senate, the speaker of the House of
19 Representatives, the minority leaders of the Senate and the House of
20 Representatives, the chairpersons and ranking members of the joint
21 standing committee of the General Assembly having cognizance of
22 matters relating to government administration and the chairpersons of
23 the Legislative Program Review and Investigations Committee shall
24 submit to the Auditors of Public Accounts the names of three
25 candidates for appointment to the position of Inspector General. Not
26 later than ninety days after the receipt of the names from the
27 committee, the Auditors of Public Accounts shall appoint one of such
28 candidates to be Inspector General and shall submit such nomination
29 to either house of the General Assembly to undergo the confirmation
30 process set forth in section 4-7 of the general statutes. If the auditors
31 fail to make such appointment within such ninety-day period, the
32 committee by majority vote shall make such appointment and submit
33 such nomination to either house of the General Assembly for
34 confirmation. The Inspector General shall be appointed on the basis of
35 integrity and competence demonstrated in appropriate fields. The
36 Inspector General shall hold office for a term of five years and until the
37 appointment of a successor, in the same manner as the original
38 appointment, unless sooner removed for just cause by the Auditors of
39 Public Accounts. Such cause may include, but not be limited to,
40 material neglect of duty, gross misconduct or conviction of a felony.

41 (d) The Office of the Inspector General shall be an independent
42 office and shall be within the Joint Committee on Legislative
43 Management for administrative purposes only.

44 Sec. 2. (NEW) (*Effective October 1, 2015*) (a) The Inspector General
45 shall establish, within available appropriations, a system for the
46 coordination of efforts between the Office of the Inspector General and
47 officials performing similar duties and internal auditing functions

48 within the various governmental agencies. Such system may include
49 continuing training programs for professional development, the
50 adoption of standard guidelines and procedures and the organization
51 of a communications network within the system. The internal auditors
52 and support staff within the agencies shall remain assigned to such
53 agencies but shall have their annual internal audit program approved
54 by the Inspector General.

55 (b) The Inspector General may adopt regulations, in accordance
56 with chapter 54 of the general statutes, to implement the provisions of
57 sections 1 to 4, inclusive, of this act. The Inspector General may employ
58 necessary staff, within available appropriations.

59 Sec. 3. (NEW) (*Effective October 1, 2015*) (a) The Inspector General
60 shall: (1) Conduct preemptive inspections, inquiries and investigations
61 relating to programs and operations involving the collection,
62 administration or expenditure of state funds, the use or disposition of
63 state-owned or leased property or the management practices and
64 regulatory or statutory compliance of state agencies; (2) have access to
65 all records, data and material maintained by or available to any
66 governmental agency; and (3) have access to all records, data and
67 material maintained by or available to any person or organization
68 involved in the collection, expenditure or administration of state
69 funds, control of state-owned or leased property or management of
70 state employees.

71 (b) The Inspector General may apply to the Superior Court for a
72 subpoena to compel the attendance of such witnesses or the
73 production of such books, papers, records or documents as may be
74 necessary in order to obtain information that is not otherwise available
75 and that is needed in the performance of the Inspector General's
76 duties. The court shall, before issuing such subpoena, provide
77 adequate opportunity for the Inspector General and the party against
78 whom the subpoena is requested to be heard. No such subpoena shall
79 be issued unless the court certifies that the attendance of such witness
80 or the production of such books, papers, records or documents is

81 reasonably necessary for the performance of the Inspector General's
82 duties and that the Inspector General has made reasonable efforts to
83 secure such attendance or such books, papers, records or documents
84 without recourse to compulsory process.

85 Sec. 4. (NEW) (*Effective October 1, 2015*) (a) The Inspector General
86 may make recommendations to the Governor, the General Assembly
87 and the Legislative Program Review and Investigations Committee
88 concerning the prevention and detection of fraud, waste and abuse,
89 including recommendations concerning legislation and regulations or
90 the coordination of preventive measures by governmental and
91 nongovernmental entities. The Inspector General may assist or request
92 assistance from any governmental agency, state employee or person or
93 organization collecting or expending state funds or controlling state-
94 owned or leased property.

95 (b) The Inspector General shall report findings of fact along with
96 any recommendations: (1) To the Chief State's Attorney or the Office of
97 State Ethics, when the Inspector General has a reasonable belief that a
98 state law has been or is being violated; (2) to the Attorney General,
99 when the Inspector General has a reasonable belief that civil recovery
100 proceedings are appropriate; and (3) to the United States Attorney,
101 when the Inspector General has a reasonable belief that a federal law
102 has been or is being violated or when civil recovery is appropriate.

103 (c) On or before October 31, 2016, and annually thereafter, the
104 Inspector General shall submit, in accordance with the provisions of
105 section 11-4a of the general statutes, a report concerning the activities
106 of the Office of the Inspector General to the Governor, the joint
107 standing committees of the General Assembly having cognizance of
108 matters relating to appropriations and the budgets of state agencies
109 and government administration and the Legislative Program Review
110 and Investigations Committee. The Inspector General may make such
111 other reports as the Inspector General deems appropriate.

112 (d) All records of the Office of the Inspector General relating to an
113 actual or potential inspection, or inquiry or investigation shall be

114 confidential and shall not be public records under the Freedom of
115 Information Act, as defined in section 1-200 of the general statutes,
116 until such time as (1) all such inspections, inquiries or investigations
117 have been concluded and all criminal and civil actions arising from the
118 records have been finally adjudicated or otherwise settled, or (2) to
119 such extent as may be deemed appropriate by the Inspector General in
120 the performance of the Inspector General's duties, whichever is earlier.
121 Records that are otherwise public documents shall not be deemed
122 confidential solely because they have been transferred to the custody
123 of the Inspector General. Where there are statutory requirements of
124 confidentiality with regard to such records, books, data, files and other
125 material printed or otherwise maintained by a governmental agency,
126 such requirements of confidentiality and penalties for the violation of
127 such requirements shall apply to the Inspector General and to the
128 Inspector General's employees in the same manner and to the same
129 extent as such requirements of confidentiality and penalties apply to
130 such governmental agency and such agency's employees.

131 Sec. 5. Section 1-101pp of the general statutes is repealed and the
132 following is substituted in lieu thereof (*Effective October 1, 2015*):

133 Any commissioner, deputy commissioner, state agency or quasi-
134 public agency head or deputy, or person in charge of state agency
135 procurement and contracting who has reasonable cause to believe that
136 a person has violated the provisions of the Code of Ethics for Public
137 Officials set forth in part I of this chapter or any law or regulation
138 concerning ethics in state contracting shall report such belief to the
139 Office of State Ethics, which may further report such information to the
140 Auditor of Public Accounts, the Chief State's Attorney, [or] the
141 Attorney General or the Inspector General.

142 Sec. 6. Subsection (c) of section 1-110a of the general statutes is
143 repealed and the following is substituted in lieu thereof (*Effective*
144 *October 1, 2015*):

145 (c) If the court determines, or the Attorney General certifies, that a
146 public official or state or municipal employee, who was convicted of or

147 pled guilty or nolo contendere to a crime related to state or municipal
148 office, voluntarily provided information to the Attorney General, the
149 Auditors of Public Accounts, the Inspector General or any state,
150 federal or local law enforcement official concerning the commission of
151 such crime related to state or municipal office by another public official
152 or state or municipal employee who had a greater degree of culpability
153 for such crime than the public official or state or municipal employee
154 providing such information, the court shall not reduce or revoke the
155 pension of such public official or state or municipal employee,
156 provided such public official or state or municipal employee
157 voluntarily provided such information prior to learning of a criminal
158 investigation into such crime related to state or municipal office.

159 Sec. 7. Subsection (e) of section 2-90 of the general statutes is
160 repealed and the following is substituted in lieu thereof (*Effective*
161 *October 1, 2015*):

162 (e) If the Auditors of Public Accounts discover, or if it should come
163 to their knowledge, that any unauthorized, illegal, irregular or unsafe
164 handling or expenditure of state funds or any breakdown in the
165 safekeeping of any resources of the state has occurred or is
166 contemplated, they shall forthwith present the facts to the Governor,
167 the State Comptroller, the clerk of each house of the General Assembly,
168 the Legislative Program Review and Investigations Committee, [and]
169 the Attorney General and the Inspector General. Any Auditor of Public
170 Accounts neglecting to make such a report, or any agent of the
171 auditors neglecting to report to the Auditors of Public Accounts any
172 such matter discovered by [him] such auditor or agent or coming to his
173 or her knowledge shall be fined not more than one hundred dollars or
174 imprisoned not more than six months or both.

175 Sec. 8. Section 4-33a of the general statutes is repealed and the
176 following is substituted in lieu thereof (*Effective October 1, 2015*):

177 All boards of trustees of state institutions, state department heads,
178 boards, commissions, other state agencies responsible for state
179 property and funds and quasi-public agencies, as defined in section 1-

180 120, shall promptly notify the Auditors of Public Accounts, [and] the
181 Comptroller and the Inspector General of any unauthorized, illegal,
182 irregular or unsafe handling or expenditure of state or quasi-public
183 agency funds or breakdowns in the safekeeping of any other resources
184 of the state or quasi-public agencies or contemplated action to do the
185 same within their knowledge.

186 Sec. 9. Section 4-37j of the general statutes is repealed and the
187 following is substituted in lieu thereof (*Effective October 1, 2015*):

188 Each foundation shall develop, in conjunction with the [Auditors of
189 Public Accounts] Inspector General, and implement a written policy
190 (1) for the investigation of any matter involving corruption, unethical
191 practices, violation of state laws or regulations, mismanagement, gross
192 waste of funds, abuse of authority or danger to the public safety
193 occurring in such foundation, (2) prohibiting any officer or employee
194 of the foundation from taking or threatening to take any personnel
195 action against any foundation employee who transmits information
196 concerning any such matter, (3) providing that any foundation
197 employee who is found to have knowingly and maliciously made false
198 charges concerning any such matter under subdivision (1) of this
199 section shall be subject to disciplinary action by the employee's
200 appointing authority, up to and including dismissal, and (4) requiring
201 the foundation to provide a copy of such policy to its employees and to
202 periodically notify the employees of the existence of the policy.

203 Sec. 10. Section 4-61dd of the general statutes is repealed and the
204 following is substituted in lieu thereof (*Effective October 1, 2015*):

205 (a) Any person having knowledge of any matter involving
206 corruption, unethical practices, violation of state laws or regulations,
207 mismanagement, gross waste of funds, abuse of authority or danger to
208 the public safety occurring in any state department or agency or any
209 quasi-public agency, as defined in section 1-120, or any person having
210 knowledge of any matter involving corruption, violation of state or
211 federal laws or regulations, gross waste of funds, abuse of authority or
212 danger to the public safety occurring in any large state contract, may

213 transmit all facts and information in such person's possession
214 concerning such matter to the [Auditors of Public Accounts. The
215 Auditors of Public Accounts] Inspector General. The Inspector General
216 shall review such matter and report [their] his or her findings and any
217 recommendations to the Attorney General. Upon receiving such a
218 report, the Attorney General shall make such investigation as the
219 Attorney General deems proper regarding such report and any other
220 information that may be reasonably derived from such report. Prior to
221 conducting an investigation of any information that may be reasonably
222 derived from such report, the Attorney General shall consult with the
223 [Auditors of Public Accounts] Inspector General concerning the
224 relationship of such additional information to the report that has been
225 issued pursuant to this subsection. Any such subsequent investigation
226 deemed appropriate by the Attorney General shall only be conducted
227 with the concurrence and assistance of the [Auditors of Public
228 Accounts] Inspector General. At the request of the Attorney General or
229 on [their] the Inspector General's own initiative, the [auditors]
230 Inspector General shall assist in the investigation.

231 (b) (1) The [Auditors of Public Accounts] Inspector General may
232 reject any complaint received pursuant to subsection (a) of this section
233 if the [Auditors of Public Accounts determine] Inspector General
234 determines one or more of the following:

235 (A) There are other available remedies that the complainant can
236 reasonably be expected to pursue;

237 (B) The complaint is better suited for investigation or enforcement
238 by another state agency;

239 (C) The complaint is trivial, frivolous, vexatious or not made in
240 good faith;

241 (D) Other complaints have greater priority in terms of serving the
242 public good;

243 (E) The complaint is not timely or is too long delayed to justify

244 further investigation; or

245 (F) The complaint could be handled more appropriately as part of
246 an ongoing or scheduled regular audit.

247 (2) If the [Auditors of Public Accounts reject] Inspector General
248 rejects a complaint pursuant to subdivision (1) of this subsection, the
249 [Auditors of Public Accounts] Inspector General shall provide a report
250 to the Attorney General setting out the basis for the rejection.

251 (3) If at any time the [Auditors of Public Accounts determine]
252 Inspector General determines that a complaint is more appropriately
253 investigated by another state agency, the [Auditors of Public Accounts]
254 Inspector General shall refer the complaint to such agency. The
255 investigating agency shall provide a status report regarding the
256 referred complaint to the [Auditors of Public Accounts] Inspector
257 General upon request.

258 (c) Notwithstanding the provisions of section 12-15, the
259 Commissioner of Revenue Services may, upon written request by the
260 [Auditors of Public Accounts] Inspector General, disclose return or
261 return information, as defined in section 12-15, to the [Auditors of
262 Public Accounts] Inspector General for purposes of preparing a report
263 under subsection (a) or (b) of this section. Such return or return
264 information shall not be published in any report prepared in
265 accordance with subsection (a) or (b) of this section, and shall not
266 otherwise be redisclosed, except that such information may be
267 redisclosed to the Attorney General for purposes of an investigation
268 authorized by subsection (a) of this section. Any person who violates
269 the provisions of this subsection shall be subject to the provisions of
270 subsection (g) of section 12-15.

271 (d) The Attorney General may summon witnesses, require the
272 production of any necessary books, papers or other documents and
273 administer oaths to witnesses, where necessary, for the purpose of an
274 investigation pursuant to this section or for the purpose of
275 investigating a suspected violation of subsection (a) of section 4-275

276 until such time as the Attorney General files a civil action pursuant to
277 section 4-276. Upon the conclusion of the investigation, the Attorney
278 General shall where necessary, report any findings to the Governor, or
279 in matters involving criminal activity, to the Chief State's Attorney. In
280 addition to the exempt records provision of section 1-210, the
281 [Auditors of Public Accounts] Inspector General and the Attorney
282 General shall not, after receipt of any information from a person under
283 the provisions of this section or sections 4-276 to 4-280, inclusive,
284 disclose the identity of such person without such person's consent
285 unless the [Auditors of Public Accounts] Inspector General or the
286 Attorney General determines that such disclosure is unavoidable, and
287 may withhold records of such investigation, during the pendency of
288 the investigation.

289 (e) (1) No state officer or employee, as defined in section 4-141, no
290 quasi-public agency officer or employee, no officer or employee of a
291 large state contractor and no appointing authority shall take or
292 threaten to take any personnel action against any state or quasi-public
293 agency employee or any employee of a large state contractor in
294 retaliation for (A) such employee's or contractor's disclosure of
295 information to (i) an employee of the [Auditors of Public Accounts]
296 Inspector General or the Attorney General under the provisions of
297 subsection (a) of this section; (ii) an employee of the state agency or
298 quasi-public agency where such state officer or employee is employed;
299 (iii) an employee of a state agency pursuant to a mandated reporter
300 statute or pursuant to subsection (b) of section 17a-28; or (iv) in the
301 case of a large state contractor, an employee of the contracting state
302 agency concerning information involving the large state contract; or
303 (B) such employee's testimony or assistance in any proceeding under
304 this section.

305 (2) (A) Not later than ninety days after learning of the specific
306 incident giving rise to a claim that a personnel action has been
307 threatened or has occurred in violation of subdivision (1) of this
308 subsection, a state or quasi-public agency employee, an employee of a
309 large state contractor or the employee's attorney may file a complaint

310 against the state agency, quasi-public agency, large state contractor or
311 appointing authority concerning such personnel action with the Chief
312 Human Rights Referee designated under section 46a-57. Such
313 complaint may be amended if an additional incident giving rise to a
314 claim under this subdivision occurs subsequent to the filing of the
315 original complaint. The Chief Human Rights Referee shall assign the
316 complaint to a human rights referee appointed under section 46a-57,
317 who shall conduct a hearing and issue a decision concerning whether
318 the officer or employee taking or threatening to take the personnel
319 action violated any provision of this section. The human rights referee
320 may order a state agency or quasi-public agency to produce (i) an
321 employee of such agency or quasi-public agency to testify as a witness
322 in any proceeding under this subdivision, or (ii) books, papers or other
323 documents relevant to the complaint, without issuing a subpoena. If
324 such agency or quasi-public agency fails to produce such witness,
325 books, papers or documents, not later than thirty days after such order,
326 the human rights referee may consider such failure as supporting
327 evidence for the complainant. If, after the hearing, the human rights
328 referee finds a violation, the referee may award the aggrieved
329 employee reinstatement to the employee's former position, back pay
330 and reestablishment of any employee benefits for which the employee
331 would otherwise have been eligible if such violation had not occurred,
332 reasonable attorneys' fees, and any other damages. For the purposes of
333 this subsection, such human rights referee shall act as an independent
334 hearing officer. The decision of a human rights referee under this
335 subsection may be appealed by any person who was a party at such
336 hearing, in accordance with the provisions of section 4-183.

337 (B) The Chief Human Rights Referee shall adopt regulations, in
338 accordance with the provisions of chapter 54, establishing the
339 procedure for filing complaints and noticing and conducting hearings
340 under subparagraph (A) of this subdivision.

341 (3) As an alternative to the provisions of subdivision (2) of this
342 subsection: (A) A state or quasi-public agency employee who alleges
343 that a personnel action has been threatened or taken may file an appeal

344 not later than ninety days after learning of the specific incident giving
345 rise to such claim with the Employees' Review Board under section 5-
346 202, or, in the case of a state or quasi-public agency employee covered
347 by a collective bargaining contract, in accordance with the procedure
348 provided by such contract; or (B) an employee of a large state
349 contractor alleging that such action has been threatened or taken may,
350 after exhausting all available administrative remedies, bring a civil
351 action in accordance with the provisions of subsection (c) of section 31-
352 51m.

353 (4) In any proceeding under subdivision (2) or (3) of this subsection
354 concerning a personnel action taken or threatened against any state or
355 quasi-public agency employee or any employee of a large state
356 contractor, which personnel action occurs not later than two years after
357 the employee first transmits facts and information concerning a matter
358 under subsection (a) of this section or discloses information under
359 subdivision (1) of this subsection to the [Auditors of Public Accounts]
360 Inspector General, the Attorney General or an employee of a state
361 agency or quasi-public agency, as applicable, there shall be a
362 rebuttable presumption that the personnel action is in retaliation for
363 the action taken by the employee under subsection (a) of this section or
364 subdivision (1) of this subsection.

365 (5) If a state officer or employee, as defined in section 4-141, a quasi-
366 public agency officer or employee, an officer or employee of a large
367 state contractor or an appointing authority takes or threatens to take
368 any action to impede, fail to renew or cancel a contract between a state
369 agency and a large state contractor, or between a large state contractor
370 and its subcontractor, in retaliation for the disclosure of information
371 pursuant to subsection (a) of this section or subdivision (1) of this
372 subsection to any agency listed in subdivision (1) of this subsection,
373 such affected agency, contractor or subcontractor may, not later than
374 ninety days after learning of such action, threat or failure to renew,
375 bring a civil action in the superior court for the judicial district of
376 Hartford to recover damages, attorney's fees and costs.

377 (f) Any employee of a state or quasi-public agency or large state
378 contractor, who is found by the [Auditors of Public Accounts]
379 Inspector General, the Attorney General, a human rights referee or the
380 Employees' Review Board to have knowingly and maliciously made
381 false charges under subsection (a) of this section, shall be subject to
382 disciplinary action by such employee's appointing authority up to and
383 including dismissal. In the case of a state or quasi-public agency
384 employee, such action shall be subject to appeal to the Employees'
385 Review Board in accordance with section 5-202, or in the case of state
386 or quasi-public agency employees included in collective bargaining
387 contracts, the procedure provided by such contracts.

388 (g) On or before September first, annually, the [Auditors of Public
389 Accounts] Inspector General shall submit, in accordance with the
390 provisions of section 11-4a, to the clerk of each house of the General
391 Assembly a report indicating the number of matters for which facts
392 and information were transmitted to the [auditors] Inspector General
393 pursuant to this section during the preceding state fiscal year and the
394 disposition of each such matter.

395 (h) Each contract between a state or quasi-public agency and a large
396 state contractor shall provide that, if an officer, employee or
397 appointing authority of a large state contractor takes or threatens to
398 take any personnel action against any employee of the contractor in
399 retaliation for such employee's disclosure of information to any
400 employee of the contracting state or quasi-public agency or the
401 [Auditors of Public Accounts] Inspector General or the Attorney
402 General under the provisions of subsection (a) or subdivision (1) of
403 subsection (e) of this section, the contractor shall be liable for a civil
404 penalty of not more than five thousand dollars for each offense, up to a
405 maximum of twenty per cent of the value of the contract. Each
406 violation shall be a separate and distinct offense and in the case of a
407 continuing violation each calendar day's continuance of the violation
408 shall be deemed to be a separate and distinct offense. The executive
409 head of the state or quasi-public agency may request the Attorney
410 General to bring a civil action in the superior court for the judicial

411 district of Hartford to seek imposition and recovery of such civil
412 penalty.

413 (i) Each state agency or quasi-public agency shall post a notice of the
414 provisions of this section relating to state employees and quasi-public
415 agency employees in a conspicuous place that is readily available for
416 viewing by employees of such agency or quasi-public agency. Each
417 large state contractor shall post a notice of the provisions of this section
418 relating to large state contractors in a conspicuous place which is
419 readily available for viewing by the employees of the contractor.

420 (j) No person who, in good faith, discloses information in
421 accordance with the provisions of this section shall be liable for any
422 civil damages resulting from such good faith disclosure.

423 (k) As used in this section:

424 (1) "Large state contract" means a contract between an entity and a
425 state or quasi-public agency, having a value of five million dollars or
426 more; and

427 (2) "Large state contractor" means an entity that has entered into a
428 large state contract with a state or quasi-public agency.

429 Sec. 11. Subsection (f) of section 4-278 of the general statutes is
430 repealed and the following is substituted in lieu thereof (*Effective*
431 *October 1, 2015*):

432 (f) Notwithstanding the provisions of subsection (e) of this section,
433 where the action is one that the court finds to be based primarily on
434 disclosures of specific information that was not provided by the person
435 bringing the action relating to allegations or transactions (1) in a
436 criminal, civil or administrative hearing, (2) in a report, hearing, audit
437 or investigation conducted by the General Assembly, a committee of
438 the General Assembly, the Auditors of Public Accounts, the Inspector
439 General, a state agency or a quasi-public agency, or (3) from the news
440 media, the court may award from such proceeds to the person
441 bringing the action such sums as it considers appropriate, but in no

442 case more than ten per cent of the proceeds, taking into account the
 443 significance of the information and the role of the person bringing the
 444 action in advancing the case to litigation. Any such person shall also
 445 receive an amount for reasonable expenses that the court finds to have
 446 been necessarily incurred, plus reasonable attorneys' fees and costs. All
 447 such expenses, fees and costs shall be awarded against the defendant.

448 Sec. 12. Subsection (b) of section 4-282 of the general statutes is
 449 repealed and the following is substituted in lieu thereof (*Effective*
 450 *October 1, 2015*):

451 (b) Unless opposed by the state, the court shall dismiss an action or
 452 claim brought under section 4-277 if allegations or transactions that are
 453 substantially the same as those alleged in the action or claim were
 454 publicly disclosed (1) in a state criminal, civil or administrative hearing
 455 in which the state or its agent is a party, (2) in a report, hearing, audit
 456 or investigation conducted by the General Assembly, a committee of
 457 the General Assembly, the Auditors of Public Accounts, the Inspector
 458 General, a state agency or quasi-public agency, or (3) by the news
 459 media, except the court shall not dismiss such action or claim if the
 460 action or claim is brought by the Attorney General or the person who
 461 is an original source of information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	New section
Sec. 2	<i>October 1, 2015</i>	New section
Sec. 3	<i>October 1, 2015</i>	New section
Sec. 4	<i>October 1, 2015</i>	New section
Sec. 5	<i>October 1, 2015</i>	1-101pp
Sec. 6	<i>October 1, 2015</i>	1-110a(c)
Sec. 7	<i>October 1, 2015</i>	2-90(e)
Sec. 8	<i>October 1, 2015</i>	4-33a
Sec. 9	<i>October 1, 2015</i>	4-37j
Sec. 10	<i>October 1, 2015</i>	4-61dd
Sec. 11	<i>October 1, 2015</i>	4-278(f)
Sec. 12	<i>October 1, 2015</i>	4-282(b)

Statement of Legislative Commissioners:

In Sec. 1(c), "either house of" was inserted before "General Assembly" for internal consistency and in Sec. 4(d) Subdiv. designators (1) and (2) were added for clarity and "and such agency's employees" was added for consistency.

GAE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Office of the Inspector General	GF - Cost	400,000	550,000
State Comptroller - Fringe Benefits ¹	GF - Cost	145,000	203,000

Municipal Impact: None

Explanation

The bill establishes the Office of the Inspector General within the Joint Committee on Legislative Management for administrative purposes only. The Inspector General must conduct preemptive inspections, inquiries and investigations regarding public funds, public property and compliance with state laws and regulations.

It is anticipated that the newly created Office of the Inspector General would require an Inspector General and a staff of five, including auditors and attorneys. It is assumed that the staff would be compensated in a manner consistent with the State Auditors and Staff Attorneys and would be paid varying levels depending upon experience. The estimated cost in FY 16 is \$545,000 (\$375,000 in Personal Services), including fringe benefits and incidental expenses for training, mileage reimbursement and computer equipment. The annualized cost in FY 17 would be \$753,000 (\$525,000 in Personal Services).

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.65% of payroll in FY 16 and FY 17.

The Attorney General (AG) may refer matters involving criminal activity to the Chief State's Attorney under the bill. Based on current whistleblower activity, it is anticipated that the Division of Criminal Justice would be able to handle any caseload increase under the bill without needing additional appropriations.

A complaint may be filed with the Commission on Human Rights and Opportunities (CHRO) after the AG investigates an alleged retaliation for whistleblowing. Such a complaint would require CHRO to hold a hearing and issue a decision on whether or not a violation of the whistleblower retaliation law had occurred. The bill is not expected to substantially increase the caseload of the agency such that additional appropriations would be required.

The bill also requires the Inspector General to assume whistleblower duties currently performed by the State Auditors. The Auditors review about 40 state whistleblower complaints annually. It is expected that the Auditors will reassign the staff hours spent reviewing whistleblower complaints to performance audits of state agencies.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*Sources: Core-CT Financial Accounting System
Department of Administrative Services website*

OLR Bill Analysis**sHB 6669*****AN ACT ESTABLISHING AN OFFICE OF THE INSPECTOR GENERAL.*****SUMMARY:**

This bill establishes an Office of Inspector General (OIG) to detect and prevent fraud, waste, and abuse in the (1) management of state personnel; (2) use and disposition of state property; and (3) collection, disbursement, and expenditure of state and federal funds administered by state and quasi-public agencies. OIG must also evaluate the economy, efficiency, and effectiveness of state and quasi-public agencies in performing their delegated duties and functions.

The bill establishes OIG as an independent office led by the inspector general. It requires the auditors of public accounts to appoint the inspector general, upon the recommendation of a nominating committee. The bill (1) specifies OIG's scope of authority, investigatory powers, and reporting requirements and (2) allows the inspector general to (a) adopt regulations implementing these provisions and, (b) within available appropriations, employ necessary staff. It places OIG within the Joint Committee on Legislative Management for administrative purposes only.

The bill transfers to OIG the auditors' of public accounts whistleblower-related responsibilities. It also applies to the inspector general several provisions in existing law concerning reports of fraud, waste, abuse, and illegal activity.

The bill requires the inspector general, within available appropriations, to establish a system for coordinating the office's efforts with officials who perform similar duties and internal auditing functions in other state and quasi-public agencies. The system may

include (1) continuing professional development training programs, (2) adopting standard guidelines and procedures, and (3) organizing a communications network within the system. Under the bill, other agencies' internal auditors and support staff remain assigned to those agencies, but the inspector general must approve their annual internal audit programs (§ 2).

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2015

§1 — INSPECTOR GENERAL APPOINTMENT

The bill establishes a 10-member committee to recommend candidates for the inspector general position. The committee consists of the:

1. Senate president pro tempore;
2. House speaker;
3. Senate and House minority leaders;
4. chairpersons and ranking members of the Government Administration and Elections (GAE) Committee; and
5. chairpersons of the Program Review and Investigations (PRI) Committee.

The committee must submit the names of three candidates to the auditors of public accounts, who must appoint one of the candidates within 90 days after receiving their names. If the auditors do not make an appointment within that time period, then the committee must make the appointment by majority vote.

The bill requires that the inspector general be appointed based on demonstrated integrity and competence in appropriate fields. He or she (1) must be confirmed by one chamber of the legislature and (2) serves a five-year term and until a successor is appointed. The bill

allows the auditors to remove the inspector general for just cause, including material neglect of duty, gross misconduct, or a felony conviction.

§§ 3-4 — POWERS AND DUTIES

Investigations

The bill requires the inspector general to conduct preemptive inspections, inquiries, and investigations concerning programs and operations that involve:

1. collecting, administering, or spending state funds;
2. using or disposing of state-owned or -leased property; or
3. state agencies' management practices and regulatory or statutory compliance.

The bill grants the inspector general access to all records, data, and material maintained by or available to (1) any state or quasi-public agency or (2) any person or organization involved in the above activities. The inspector general may assist or request assistance from any state or quasi-public agency, state employee, or person or organization collecting or spending state funds or controlling state-owned or -leased property.

The bill allows the inspector general to apply to Superior Court for a subpoena to compel the attendance of witnesses or production of books, papers, records, or documents needed to obtain information that is otherwise unavailable. Before issuing the subpoena, the court must provide a hearing to the inspector general and the responding party. The bill prohibits a subpoena from being issued unless the court certifies that the (1) subpoena is reasonably necessary for the performance of the inspector general's duties and (2) inspector general has made reasonable efforts to secure the attendance or materials without recourse to compulsory methods.

Reports and Recommendations

The bill requires the inspector general to report findings of fact and recommendations to:

1. the chief state's attorney or Office of State Ethics (OSE), when the inspector general reasonably believes that state law has been or is being violated;
2. the attorney general, when the inspector general reasonably believes that civil recovery proceedings are appropriate; and
3. to the U.S. Attorney, when the inspector general reasonably believes that federal law has been or is being violated or when civil recovery is appropriate.

The bill allows the inspector general to make recommendations to the governor, legislature, and PRI Committee concerning the prevention and detection of fraud, waste, and abuse, including recommendations on (1) legislation and regulations or (2) coordinating preventive measures by governmental and nongovernmental entities.

The inspector general must report annually beginning by October 31, 2016 on OIG's activities to the governor and the Appropriations, GAE, and PRI committees. The inspector general may issue other reports as he or she deems appropriate.

Confidentiality of Records

The bill deems OIG's records concerning inquiries, investigations, and actual or potential inspections to be confidential and not public records under the Freedom of Information Act. Under the bill, these records are considered confidential until (1) the inspection, inquiry, or investigation is concluded and all related criminal and civil actions are adjudicated or settled or (2) such time as the inspector general deems appropriate for performing his or her duties, whichever is earlier.

With respect to records transferred to OIG from another agency, the bill applies to the inspector general and OIG employees (1) any confidentiality requirements that apply to the records' custodial

agency employees and (2) penalties for violating these requirements. It specifies that records that are otherwise public are not deemed confidential solely because they are transferred to the inspector general.

§§ 9-10 — WHISTLEBLOWING

The bill transfers to OIG the auditors' of public accounts whistleblowing responsibilities. It requires the inspector general, rather than the auditors, to initially review all whistleblower complaints and report any findings or recommendations to the attorney general, who must conduct any investigation he deems proper after consulting with the inspector general. The bill extends to the inspector general the whistleblower provisions that apply to the auditors of public accounts under current law, including:

1. allowing the inspector general to reject certain complaints or refer them to a different agency;
2. requiring the inspector general to keep a whistleblower's identity confidential, unless the whistleblower consents to disclosure or disclosure is unavoidable;
3. prohibiting retaliation against people who file a whistleblower complaint with the inspector general; and
4. requiring the inspector general to report annually by September 1 to the legislature on (a) the number of whistleblower complaints filed during the preceding fiscal year and (b) each complaint's disposition.

The bill similarly transfers, from the auditors of public accounts to the inspector general, responsibility for assisting state agency foundations (i.e., nonprofit entities established for fundraising purposes) in developing a whistleblower policy for their employees.

§§ 5-8 & 11-12 — REPORTS OF FRAUD, WASTE, ABUSE, AND ILLEGAL ACTIVITY

The bill applies to the inspector general several provisions in

existing law concerning reports of fraud, waste, abuse, and illegal activity, as shown in Table 1.

Table 1: Reports of Fraud, Waste, Abuse, and Illegal Activity

Section	Subject	Existing Law	Bill
5	Reports to OSE of certain violations of the State Code of Ethics	Allows OSE to forward information to auditors of public accounts, chief state's attorney, or attorney general	Allows OSE to also forward information to inspector general
6	Pension reductions or revocations for public officials and state and municipal employees for crimes related to state or municipal office	Generally prohibits the reduction or revocation of a pension if (1) the official or employee voluntarily provided information to the attorney general; auditors of public accounts; or any state, federal, or local law enforcement official about the crime and (2) it was committed by a different official or employee who had a greater degree of culpability	Extends prohibition to cover disclosures made to the inspector general
7	Reports by auditors of public accounts of any actual or contemplated (1) unauthorized, illegal, irregular, or unsafe handling or expenditure of state agency funds or (2) breakdowns in the safekeeping of any other state agency resources	Requires auditors to report the information to the governor, comptroller, House and Senate clerks, PRI Committee, and attorney general	Requires auditors to also report the information to the inspector general
8	Notification to the auditors of public accounts of any actual or contemplated (1) unauthorized, illegal, irregular, or unsafe handling or expenditure of state or quasi-public agency funds or (2) breakdowns in the safekeeping of any other state or quasi-public agency resources	Boards of trustees of state institutions, state agency heads, boards, commissions, other state agencies responsible for state property and funds, and quasi-public agencies must notify the auditors	Requires these entities to also notify the inspector general
11	Calculation of False Claims Act award when the action is based primarily on disclosures of specific information not provided by the person bringing the	Applies to, among other things, allegations made in a report, hearing, audit, or investigation conducted by the legislature, a legislative committee, or the auditors of public accounts	Adds allegations made in a report, hearing, audit, or investigation conducted by the inspector general

	action		
12	Requirement for court to dismiss an action brought under the False Claims Act if the allegations are substantially similar to allegations that were previously disclosed publicly	Applies to, among other things, allegations made in a report, hearing, audit, or investigation conducted by the legislature, a legislative committee, or the auditors of public accounts	Adds allegations made in a report, hearing, audit, or investigation conducted by the inspector general

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 14 Nay 0 (03/09/2015)